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Letter dated 14 March 2003 from the Permanent Representative of Sierra Leone to the United Nations addressed to the President of the Security Council

On instructions from my Government, I have the honour to transmit herewith two letters and an aide-memoire addressed to the Secretary-General by His Excellency, Alhaji Ahmad Tejan Kabbah, President of the Republic of Sierra Leone (see annex).

I should be grateful if the present letter and its annex could be issued as a document of the Security Council.

(*Signed*) Joe Robert **Pemagbi**
Ambassador
Permanent Representative

03-28729 (E) 210303

Annex to the letter dated 14 March 2003 from the Permanent Representative of Sierra Leone to the United Nations addressed to the President of the Security Council

Review of progress made so far in consolidating peace and security in Sierra Leone and in promoting national recovery

14 March 2003

I am pleased to inform you that my Government recently undertook a brief review of the outcome so far of the collective efforts of the Government of Sierra Leone and the international community, particularly the United Nations Mission in Sierra Leone (UNAMSIL), geared towards the consolidation of peace and security in Sierra Leone and the promotion of the recovery of the country from the effects of the war.

The review was presented in the form of an aide-memoire at the latest of a series of high-level group meetings periodically held between the Government and UNAMSIL (see enclosure I).

I have also addressed a separate letter to you with regard to the security needs of the Special Court for Sierra Leone, which has now started issuing indictments (see enclosure II).

(*Signed*) Alhaji Ahmad Tejan **Kabbah**
President of the Republic of Sierra Leone

Enclosure I

AIDE MEMOIRE

REVIEW OF PROGRESS ACHIEVED SO FAR IN CONSOLIDATING PEACE AND SECURITY IN SIERRA LEONE AND IN PROMOTING NATIONAL RECOVERY

INTRODUCTION

1. This Aide Memoire seeks to highlight the progress that has been made in the efforts to restore and consolidate peace and security in Sierra Leone. It also highlights areas of ongoing, new and anticipated difficulties, which would require close monitoring. In this regard, the Government of Sierra Leone will need to continue to work in close collaboration with the international community, particularly UNAMSIL, if it should succeed in meeting these challenges.

SECURITY ISSUES

2. **Perceived threat to security.** Even with the end of the rebel war and the holding of violence free and successful Presidential and Parliamentary elections, Sierra Leone continues to face the following direct external and internal security threats, among others:

(a) **External threats**.

(i) the border area between Sierra Leone and Liberia is home to dissident groups whose loyalty is transient and are known to serve as a recruitment pool for both the LURD and the Armed Forces of Liberia (AFL), and possibly by factions in the Ivorian conflict. There is also strong intelligence indicating the presence in Liberia of the former RUF battlefield commander, Sam Bockari and 1500/1800 RUF combatants.

(ii) recruitment of ex-combatants from Sierra Leone by warring factions in the sub region poses medium to long-term disarmament and reintegration problems in the event of their returning to the country armed.

(iii) the presence in Liberia of Sam Bockari and his group could provide President Charles Taylor with a significant capability to destabilize Sierra Leone again if the opportunity presented itself.

(iv) the fighting in Liberia continually creates tension along the Sierra Leone/Liberian border in Eastern Sierra Leone. It directly causes the movement of displaced persons/refugees into Sierra Leone. This places additional pressures on the already fragile economy of the country.

(v) the existence of organised units of Sierra Leonean mercenaries engaged in sub-regional conflicts may form the basis of future insurgencies.

(b) Internal threat.

(i) recent attacks on military facilities in the east end of Freetown involving a former faction leader, J P Koroma suggest that there remain potential dissident groups who would be disposed to staging coup attempts if the opportunity presented itself;

(ii) there are frequent challenges to Government authority by vigilante type groups mainly in the diamond mining areas who take advantage of the inability of Government to enforce its authority because of the continued weakness of its institutions ;

(iii) disaffection amongst the unemployed youth groups whose expectations cannot be fulfilled by government because of its weak resource base, leaves them open to exploitation by criminal and anti-democratic elements;

(iv) the commencement of criminal proceedings by the Special Court against key figures of the former warring factors may create new tensions which will further stretch the capacity of government and UNAMSIL to maintain law and order;

(v) there may still be disloyal elements in the Republic of Sierra Leone Armed Forces (RSLAF). Maintaining attractive Terms and Conditions of Service for the forces is therefore critical even as the government resource base is currently weak. Failure to do so could present a catalyst for dissent;

(vi) the RSLAF has not yet developed the capability to provide Military Aid to the Civil Power. This function is currently the responsibility of the Operational Support Division (OSD) in the Police but do not themselves have limited equipment and training.

3. Government continues to develop the necessary policies and strategies as well as provide resources to effectively address the above-mentioned threats. However, Government's efforts are being undermined by severe resource constraints and other capacity problems arising mainly from a fragile economy, weak political and security institutions as well as weak human resource base.

4 **Strengthening of RSLAF**. The RSLAF is still in transition and whilst it is being progressively equipped and trained mainly by the British-led International Military Advisory and Training Team (IMATT), it is also thinly spread around the country and therefore it is not yet in a position to provide enduring, credible and sustainable security to Sierra Leone. The current deployment programme codenamed Operation PEBU seeks to re-build and house the RSLAF in approximately 10 sites as opposed to the current 50 locations. This programme may take 2/3 years to complete

and must run parallel with aligning provincial/district boundaries with brigade boundaries.

5. **Strengthening of the SLP** During the almost 11 year civil war in Sierra Leone, the Sierra Leone Police lost many of its personnel either by death or some moved to other countries as refugees. Up to date, it has been difficult to arrive at an exact personnel strength of the SLP.

6. The SLP also suffered heavy damage to its infrastructure as a result of the war. This is now being rebuilt with Government and donor partner resources.

7. There is an uneven and sparse deployment of personnel in the country due to the inadequacy of Police accommodation and stations countrywide.

8. An estimated personnel strength of 9,500 is required for effective nationwide police deployment. The personnel strength is currently only about 7700, and at the current rate of recruitment and training the total strength by 2004 will be only 8884. Therefore both recruitment and training need to be accelerated. This requires substantial resources, improved infrastructure, particularly the expansion of the Police Training School (PTS), and the prompt deployment of training advisers, mentors and strategic advisers promised by UNCIVPOL.

9. Resources are currently being provided by the Government, DFID and the UNDP to address some of these difficulties, including the rebuilding of police infrastructure. However, these efforts, particularly the expansion of the PTS and the rebuilding of barracks and police stations, need to be accelerated if the efficiency of the police, as envisaged in UNSC Resolution 1436(2002) is to be assured.

10. **Future of ex-Combatants**

a. DDR Completion, Phase-Out and Future of Ex-Combatants.

The NCDDR plans to complete its mandate and phase out by 31 December 2003. This was confirmed with donors at the last CG meeting in Paris (Nov 2002).

b. Reintegration.

About 56,751 ex-combatants registered for reintegration support all over the country by the end of 2002. 75% (i.e. 38,689) of these either in ongoing or completed programmes or awaiting to be placed in approved projects. The total outstanding caseload of ex-combatants is estimated to be 14,700. It is planned that they will be placed into programmes before the deadline of 30 June 2003.

c. Challenges

i. The high inter-District mobility of the outstanding caseload of ex-combatants together with their settlement in very dispersed villages/locations is posing serious difficulties for the programme.

ii. Inability in the border areas has prevented the operation of credible agencies capable of providing sustainable reintegration support in the affected chiefdoms.

d. Funding. Additional funding requirement to complete the programme is about US$6 million. No additional pledges of financial support have been received to meet this gap. Although Germany and the EU have indicated they would consider to provide further assistance later.

11. The Way Ahead. Reintegration is a long-term process and really takes place at community level. After NCDDR's short-term support to the ex-combatants, other key players will have to take over the longer-term process of generating jobs and opportunities for them (and the other unemployed). Although we are witnessing some positive developments in this direction in some areas and sectors, more needs to be done to prevent disillusionment among them.

12. A transition programme that focuses on "advocacy" and cautious support post-DDR has been developed. This entails identifying some capacity within the National Commission for Social Action (NaCSA) to advise the Commissioner on specific ex-combatant related problems that could be addressed by the existing programmes within the Commission. Discussions are on-going with NaCSA Management.

13. It is anticipated that UNAMSIL's presence during that transition phase would help to provide confidence in the process.

14. **Disbandment of CDF Structures**. In November 2001, the National Security Council chaired by His Excellency the President agreed to dismantle the command structure of the Civil Defence Force (CDF) and dissolved its national coordinating office.

15 This policy has been progressively implemented. All the CDF ex-combatants have now been disarmed and demobilized.

16. However, traces of CDF command structures continue to exist in parts of the rural areas. Government is responding to these challenges with the implementation of its programme for the extension of police presence and the general restoration of government's authority throughout the country.

RESTORATION OF GOVERNMENT AUTHORITY

17. The National Recovery process has been on going since the end of the war in January 2002. The immediate challenge was the restoration of civil authority in the seven districts that were hitherto held by the rebels. Recovery and Restoration processes commenced in April with the establishment of the National Recovery Committee chaired by the Vice President. The NRC had the mandate to coordinate the implementation of the restoration and recovery processes nation-wide.

18. By August 2002 the Recovery framework had been established in the twelve districts to coordinate and give leadership to the process at district level. Appropriate mechanism were put in place to facilitate planning, management and monitoring of developmental activities in every district. The goal was to firm up the restoration of Civil Authority in all the twelve districts within 12 months but this has been hampered by a number of factors, including delays in the DDR process and the recently held Presidential and Parliamentary elections and resource constraints.

19. In terms of the recovery process, the needs are enormous Key institutions were destroyed. Some of the structures are beyond repair. Schools, hospitals, administrative buildings, chiefdom detention facilities/prisons were all damaged or destroyed. While a lot has been done, much more has yet to be accomplished

20. Civil Administration. Government is still grappling with the return of key administrative personnel throughout the country, especially to the remote districts of Kailahun, Kono, Pujehun and Koinadugu, to man critical sectors such as health (doctors, nurses and education (teachers). Local administration is functioning only minimally in some areas.

21. The holding of Paramount Chieftaincy elections in 61 vacant Chiefdoms to provide leadership for the decentralization gave strong boost to the restoration of civil authority. Sensitization is currently going on to prepare the population for the proposed decentralization programme. In this regard, Local Government elections are scheduled to be held in December 2003 to widen the democratic sphere nationally and to reinforce the restoration of Government authority at all levels nationally. The successful conclusion of local government elections nationwide will be a test of the viability of our democracy. However, continued support by UNAMSIL will be critical until the following:-.

a. That the forthcoming Local Government Elections may pose a threat in remote areas where Government authority has not been firmed up.

b. The resettlement process of ex combatants in certain localities can prove volatile.

c. The recently elected 61 Chiefs will need security support from a neutral body to fully establish their authority in the areas where they have been recently installed as Chiefs

d. The enforcement of mining regulations in some mining districts with Large presence of ex combatants would require neutral security policing to avoid this triggering conflict.

e. Chiefdom administrative penal system has not yet been fully established in most of the Chiefdoms to enforce law and order. Security support is required to preserve peace and stability.

DIAMOND MINING

22. With the relative restoration of Civil Authority in some parts of the country, the Ministry has established some presence in most parts of the country in an effort to restore orderly mining and marketing activities.

23. UNAMSIL has been very helpful in providing logistics support to the Ministry to facilitate monitoring in a bid to discourage illicit mining activities, which have the tendency of disturbing the peace in diamond mining areas.

24. With the presence of UNAMSIL there has been progress in the control of illicit mining sector activities and law and order have been largely maintained in the mining areas. They have also afforded Government the opportunity to introduce control measures such as proper licensing systems. Consequently government has realized more revenue generated from the mining sector. This steady progress could be affected by the hasty withdrawal of UNAMSIL's presence in the mining areas.

25. It is anticipated that their continued presence will enable government to steadily build on the necessary structures that will ensure more effective enforcement of diamond mining regulations to sustain the sector.

26. Since the imposition of the certification system by UNSC (Resolution 1306 (2000) on 5th July 2000), and the implementation of the Certificate of origin in October 2000, diamond exports through legal channels have improved considerably. Diamond exports in 2000 amounted to US $10 million, US $26 million in 2001 and US $ 41 million in 2002.

27. Moreover the Kimberly Process Certification System has been recently adopted by over 40 diamond producing and importing countries and this has further created a deterrent to diamond smugglers.

GENERAL ECONOMIC OUTLOOK

28. **Macroeconomic Performance.** Sierra Leone has made remarkable progress in advancing economic recovery, largely facilitated by the full deployment of the UN peacekeeping force (UNAMSIL). The increasing optimism and confidence generated has boosted economic activity and improved the environment for the normalisation of relations with development partners and the implementation of government's poverty reduction and growth policies. During this period, the economic strategy has focussed on addressing the immediate post-war needs and the longer-term development and poverty reduction issues.

29. Satisfactory progress has been achieved with programmes supported by the key multilateral and bilateral development partners including the International Monetary Fund (IMF), the World Bank, the European Commission, the African Development Bank, BADEA, Islamic Development Bank, UNDP and the United Kingdom. At the meeting of the Consultative Group in Paris during November 13-14, 2002, donors committed to providing highly concessional external aid in the order of US$650 million over the next 3-5 years. A donors meeting with the Organisation of Islamic Countries (OIC) early this year has also committed some aid to Sierra Leone.

30. In terms of economic performance, the real GDP has improved significantly from –17.6% in 1997 to –8.1% in 1999 and 3.8% in 2000. Real GDP is estimated to have increased further in 2002 by 6.3%, while the rate of inflation further declined to about –3%. Following a steep depreciation in 2001, the leone appreciated slightly against the US dollar during 2002. At the same time, the real effective exchange rate remained relatively stable and the spread between the official and parallel market exchange rates also remained steady in the range of 5-8%. The foreign exchange reserves level has also improved. With strong donor support, substantial structural reforms have been undertaken in the fiscal and financial sectors and have particularly improved public financial management. The external current account deficit is however projected to rise significantly over the medium-term, reflecting the poor export performance and the large import requirements for reconstruction.

31. **Macroeconomic Outlook.** Discussions relating to the third annual review under the three-year poverty reduction and growth facility supported by the IMF were recently concluded with IMF staff. A memorandum of economic and financial objectives and policies of the government for 2003 was negotiated and agreed. A budget profile over the period 2003-2004 was also outlined. The programme targets a real GDP growth rate of about 6.5%, supported mainly by the assumed continued recovery of activities in agriculture, mining, service industry, construction, public works and investment. The budget profile envisages a substantial increase in government revenue through the operationalisation of the newly formed National Revenue Authority and the restructuring of tax administration. Expenditure policies aim to further strengthen fiscal discipline on the part of the government. The challenge for monetary policy will be to sustain the low level of inflation, maintain a stable exchange rate improve on foreign reserves mobilization and sustain level of economic growth.

32. All the objectives defined in the Interim Poverty Reduction Strategy Paper (I_PRSP) have been achieved and the full PRSP is expected to be completed by the end of 2003. The government is focusing on advancing a number of reform programmes including public enterprise divestiture and restructuring, civil service and procurement reform and strengthening public financial management.

33. Maintaining this impressive progress requires improved security and political stability, since this sustains the investor and consumer confidence that provides the main boost to sustained economic recovery and growth. A growing economy will in turn provide a strong base for the further consolidation of the peace by creating employment and generating revenue for Government that enhances its ability to provide the necessary public services, including law and order.

ENERGY SUPPLIES

34 Under the liberalization programme, the private sector has assumed full responsibility for the supply of petroleum products and the fixing of pump prices. Government however has a responsibility to guarantee adequate supply of products as well as competitive retail prices free from extortionist influences or practices.

35. However, recent substantial increases in world oil prices have led to unavoidable increases in the retail prices of petroleum products in the country. This has given rise to additional hardship for an already impoverished population. Besides high oil prices are having a direct negative impact on Government's poverty alleviation and post conflict recovery programmes. Government is concerned that ripple effects arising from these difficulties could further weaken the security situation, for which it is necessary to maintain a robust security apparatus.

36. Government intended measures to address current difficulties and stabilize the sector.

a. Government is actively investigating the possibility of creating a six weeks strategic petroleum products stocks programme for Sierra Leone as we need to be sufficiently positioned to ensure continued fuel availability at all times. But the fledgling economic situation with various competing priorities following the end of the war affects the speed with which this can be done.

b. The technical aspects of the pricing structure and its implementation are being closely monitored by an **independent** Petroleum Unit manned by downstream experts.

c. The Ministry of Trade and Industry in consultation with the Petroleum Unit has set up a "Task Force" to address the uncertainties in the oil market as well as the incidence of illegal cross-border trade in petroleum products in our neighbourhood

SITUATION IN LIBERIA

37.. **Upsurge of fighting in Liberia**. There is an upsurge in the fighting in Liberia. Latest reporting indicates that the MANO RIVER BRIDGE, BO WATERSIDE, TIENI, SINJE, JENDEMA BRIDGE and ROBERTSPORT are occupied by LURD. We can expect that AFL/ATU counter attacks may take place in these areas provoking a variety of border security problems.

38. **The Refugee and IDP Situation**. Government is obliged to always ensure that the repatriation of refugees and resettlement of IDPs are done in conditions which guarantee their safety and dignity. Government has recently signed a tripartite agreement with the UNHCR and the Government of Guinea to promote the repatriation of an estimated 60,000 Sierra Leonean refugees in Guinea. A similar agreement will be signed with various governments in the sub-region to promote the repatriation of another 70,000 refugees from those countries, mainly Liberia, Nigeria, the Ivory Coast etc. Even though much progress has been achieved in the peace process - disarmament of ex-combatants, conduction of peaceful elections, extension of state authority etc. yet the ideal situation for repatriation is not yet met. There are still gaps in the physical and effective presence of the Police and other government functionaries in various parts of the Eastern Province where a good number of the returnees will be resettling. UNAMSIL is therefore filling this gap in various ways as well as acting as a deterrent to cross border incursions from Liberia.

39. UNAMSIL also supports Government in the assessment of the safety and security of Chiefdoms for resettlement and provides logistical support (transportation, repairs of roads and bridges) for resettlement.

40. The Liberian crises has also created a large influx of Liberian Refugees who are entering from different crossing points and who are being transported to various camps with a significant support from UNAMSIL. An estimated population of 65,000 refugees are in the country with 46,317 in seven camps in the East and South of the country. These are Bandajuma – 5,979; Gerihun- 6,640; Gondama- 7,362; Jembe- 6,703; Jimmi Bagbo- 6,467; Largo- 5,633; Taiama- 7,534. UNAMSIL is providing trucks to transport them to camps in Kenema and Bo. A total of about 335 deserters from the Liberian conflict have been interned in Mapeh Camp. UNAMSIL is also playing a deterrent role by helping to police the border and protecting the Mapeh Camp. On various occasions it has had to provide protection in the camps and in some communities.

PRESIDENTIAL LODGE
HILL STATION
FREETOWN

11 MARCH 2003

Enclosure II

14 March 2003

As you know, the issue of the withdrawal of United Nations Mission in Sierra Leone (UNAMSIL) from Sierra Leone, in the light of the improving security situation in this country, has been a topic of consideration for the Security Council and others for some time now.

We reiterate our deepest appreciation for the task undertaken by UNAMSIL in ensuring the safety and security of the people of Sierra Leone and of the country in general. Without the assistance of UNAMSIL and the support we have received from the United Kingdom and ECOMOG, the arduous journey towards peace and prosperity for Sierra Leone would have been much longer and more difficult. We also join the international community in the desire for the day when we will no longer require the assistance of foreign troops to maintain peace and stability in our country.

My Government continues to have confidence in your periodic assessment of the situation in Sierra Leone and the sub-region as a whole, as well as in your ability to provide the Security Council with realistic and implementable recommendations that promote the search for lasting peace and security. We also recognize Security Council Resolution 1436(2002) of 24 September 2002, in which the Council urged UNAMSIL to complete, within eight months, the first and second phases of the Mission's drawdown plan, which was presented in your fifteenth report on UNAMSIL.

I would therefore like to highlight for your consideration some recent events in Sierra Leone, which might suggest that it would be useful to adopt a cautious approach to the reduction of the number of UNAMSIL troops stationed in this country. In so doing I would reiterate the concern that the Government of Sierra Leone has always held regarding a premature withdrawal of international peacekeepers from the country, as I mentioned to you in my letter of 8 August 2002.

As I am sure you are aware, on 10th March 2003, the Special Court for Sierra Leone issued indictments against seven (7) persons, arresting and taking into custody five (5) of those indicted. Those who are being held in the custody of the Special Court have been removed to safe locations, while the remaining two (2) indictees are still at large, most likely somewhere in the sub region. More indictments are anticipated in the near future, as stated by the Prosecutor for the Special Court, Mr David Crane, in his press briefing on Monday, 10th March 2003, although it is not yet known who will be the subject of those other indictments.

In general, Freetown and indeed Sierra Leone has been relatively calm since these indictments and arrests, with the majority of people sharing this Government's desire for justice for the terrible events that overtook our country over the past decade and the full restoration of the rule of law.

Nevertheless, we are concerned that we cannot afford to overlook the fact that with these indictments and arrests there may come an increased possibility of disruptions to the progress of stabilization we have enjoyed in recent months. This is particularly true in the provinces, especially near the borders with our neighbouring countries, which are historically the first areas in which indications of instability arise.

As you know, article 16 of the Agreement establishing the Special Court states as follows:

> "Recognizing the responsibility of the Government under international law to ensure the security, safety and protection of persons referred to in this Agreement and its present incapacity to do so pending the restructuring and rebuilding of its security forces, it is agreed that the United Nations Mission in Sierra Leone shall provide the necessary security to premises and personnel of the Special Court, subject to an appropriate mandate by the Security Council and within its capabilities."

By Resolution 1400(2002), the Security Council stated in paragraph 9 that it:

> "Welcomes the signature on 16 January 2002 of the Agreement between the Government of Sierra Leone and the United Nations on the Establishment of a Special Court for Sierra Leone ... and endorses UNAMSIL providing, without prejudice to its capabilities to perform its specified mandate, administrative and related support to the Special Court on a cost-reimbursable basis;"

We welcome in particular the endorsement by the Security Council for UNAMSIL's mandate to extend to cover the provision of security to the premises and personnel of the Special Court, since our security forces – while there have been significant improvements – still lack the capacity to undertake that task for the Special Court.

Given the above, together with the incidents in January 2003 relating to the armed raid on a military warehouse in Freetown and the upsurge of refugees entering Sierra Leone from war-torn Liberia, we would express our preference that UNAMSIL troops not be downsized by any significant amount until such time as we can be sure that all of these matters no longer pose a threat to peace and security in this country.

In the light of the above, and particularly in the light of our desire to see that the Special Court fulfils its mandate to try those who bear the greatest responsibility for the violations of international humanitarian law as well as Sierra Leonean law in this country since 1996, we would urge that the Security Council takes these matters into the highest consideration when they are considering the withdrawal of UNAMSIL troops from Sierra Leone.

Please accept the assurances of my highest consideration.

Alhaji Dr Ahmad Tejan Kabbah
PRESIDENT OF THE REPUBLIC
OF SIERRA LEONE

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Letter dated 3 March 2003 from the Chairman of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait addressed to the President of the Security Council

I have the honour to transmit herewith, for the attention of the members of the Council, the report of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait pursuant to paragraph 7 of Security Council resolution 1409 (2002) (see annex).

The report was approved by the Committee on 28 February 2003.

(*Signed*) Gunter **Pleuger**
Chairman
Security Council Committee established by resolution 661 (1990)
concerning the situation between Iraq and Kuwait

03-28735 (E) 200303

Annex

Report of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait on the implementation of the arrangements in paragraphs 1, 2, 6, 8, 9 and 10 of resolution 986 (1995)

I. Introduction

1. The present report is submitted to the Security Council pursuant to paragraph 7 of resolution 1409 (2002), in which the Council requested the Committee established pursuant to resolution 661 (1990) to submit the report referred to in paragraph 6 of resolution 1360 (2001) regarding the implementation of the arrangements in paragraphs 1, 2, 6, 8, 9 and 10 of resolution 986 (1995). By paragraph 1 of resolution 1409 (2002), the Council decided that the provisions of resolution 986 (1995), except those contained in paragraphs 4, 11 and 12, and the provisions of paragraphs 2, 3 and 5 to 13 of resolution 1360 (2001), and subject to paragraph 15 of resolution 1284 (1999) and the other provisions of resolution 1409 (2002), would remain in force for a new period of 180 days beginning at 0001 hours, Eastern Daylight Time, on 30 May 2002.

2. The present report, the nineteenth of its kind, covers the Committee's major activities with regard to the implementation of the above-mentioned arrangements, in the light of the newly adopted revised goods review list and the procedures for its implementation, during phase XII of the oil-for-food programme, from 30 May to 25 November 2002.

II. Sale of petroleum and petroleum products

3. The oil overseers continued to advise the Committee on oil-pricing mechanisms, oil contract approvals and amendments, management of revenue objectives and other pertinent questions related to export and monitoring, under Security Council resolutions 986 (1995), 1175 (1998), 1242 (1999) and 1409 (2002). In this respect, the oil overseers have been involved in further discussions in the Committee on the issue of retroactive pricing and excessive premiums.

4. As at 31 October 2002, the oil overseers, on behalf of the Committee, had approved 192 oil contracts involving purchasers from 41 countries. The total quantity of oil approved for export under those contracts corresponds to 475 million barrels with an estimated value of €11.5 billion (US$ 11.4 billion at the rate of exchange on 31 October 2002). This contracted amount clearly exceeds the Iraqi export capacity during the phase, and the actual volume of oil lifted is expected to be substantially lower. The average rate of Iraqi crude oil exports from the start of the phase until 31 October 2002 was only 1.14 million barrels per day, representing about half of the assumed achievable and sustainable export level of 2.1 million barrels per day. About 150 million barrels worth between $3.5 and $4 billion in revenue have been lost during the current phase because of the low rate of exports.

5. As at 31 October 2002, 136 loadings (64 loadings from the load port Mina al-Bakr and 72 loadings from the Botas terminal in Ceyhan) totalling 176.7 million

barrels worth €4,293 million ($4,235 million, at the current rate of exchange on 31 October 2002) were completed.

6. All contracts submitted used the pricing mechanisms approved by the Committee, on the recommendation of the overseers. Letters of credit opened for each of the liftings were reviewed and confirmed by the overseers to be in accordance with the terms and conditions of the approved contracts. About 44 per cent of the volume lifted was from Ceyhan in Turkey.

7. The overseers have worked with the independent inspection agents (Saybolt Nederland BV) to ensure the effective monitoring of the relevant oil installations and the liftings. In this regard they have received full cooperation from the Iraqi authorities.

8. Pursuant to paragraph 2 of the procedures of the Committee (S/1996/636), 1,102 national oil purchasers have been nominated from 86 countries that are authorized to communicate directly with the overseers.

9. Pursuant to paragraph 14 of the Committee's procedures, the overseers have continued to report weekly on contracts regarding the sale of petroleum originating from Iraq, including the cumulative quantity and approximate value of petroleum authorized for export. As at 31 October 2002, 307 reports have been submitted to the Committee.

III. Humanitarian supplies to Iraq

10. As in previous phases, during phase XII the Committee continued to attach high priority to the work of processing contracts for the supply of humanitarian goods to Iraq.

11. As at 31 October 2002, the Secretariat had received 1,897 applications under phase XI for exports of humanitarian supplies to Iraq. Of that total, 86 applications were judged to be either non-compliant or inactive; 29 were still under review by the Office of the Iraq Programme; 205 were declared null and void; 1,418 were either approved by the Committee, notified by the Secretariat or approved by the Office of the Iraq Programme pursuant to paragraph 10 of the revised procedures attached to Security Council resolution 1409 (2002); 56 were under UNMOVIC/IAEA review; 95 were goods review list non-compliant[1] or inactive and 8 had the status "goods review list notice"[2] or "goods review list processing".[3] From the beginning of phase XII until 31 October 2002, the Secretariat had received 716 applications for the export of humanitarian supplies to Iraq. Of that total, 61 applications were still under review by the Office of the Iraq Programme; 4 were declared null and void; 37 were deemed to be either non-compliant or inactive; 502 were either approved by the Committee, notified by the Secretariat or approved by the Office of the Iraq Programme pursuant to paragraph 10 of the revised procedures; 92 were under UNMOVIC/IAEA review; 18 were goods review list non-compliant or inactive; and 2 had the status "goods review list notice" or "goods review list processing". During the reporting period, 183 applications with a total value of $576 million were released from hold by the Committee and 761 applications were approved under paragraph 18 of the revised procedures, under category B, with a total value of $1.1 billion. The remaining holds were categorized mainly as either goods review list non-compliant or returned holds. These figures correspond to all the applications

(all phases) released from hold during the reporting period. From the beginning of the programme to 31 October 2002, 10,063 applications have been approved, with a total value of $22.34 billion. A total of 117 humanitarian applications worth $146.6 million and previously on hold were returned to suppliers as category A holds under paragraph 18 of the revised procedures. A total of 739 humanitarian applications worth $2,827 million had the status goods review list non-compliant or inactive. As at 31 October 2002, there were no applications on hold.

12. The work of confirmation of goods arrival by the United Nations independent inspection agents (Cotecna) has continued according to the established procedures, at the four existing entry points to Iraq at Al-Walid, Trebil, Umm Qasr and Zakho. An additional entry point at Ar'ar on the border between Iraq and Saudi Arabia was established and became operational on 8 November 2002. As in previous phases, the Iraqi authorities have accorded the independent agents full cooperation in their work. Since the beginning of the programme and as at 31 October 2002, approximately 14,706 consignments of humanitarian supplies from previous phases for the 59 per cent account, with a value of $23.8 billion, have been confirmed as having arrived in Iraq in total or in partial shipments.

IV. Matters relating to oil spare parts and equipment for Iraq

13. The Committee has, as in the previous phases, made continuous efforts to expedite the approval of applications for oil spare parts and equipment required for the oil sector. During the period of this report and until 31 October 2002, the Secretariat received two applications relating to the oil sector: one was approved by the Office of the Iraq Programme and one was still under review by the Office.

14. From the beginning of the process to 31 October 2002, the total allocation for oil spare parts and equipment amounted to $4.8 billion. The number of applications received by the Committee for oil spare parts and equipment to Iraq under previous resolutions has reached a total of 6,342, with a value of $4.77 billion. Of these, 158 worth $415 million were judged to be non-compliant or inactive, a total of 618 were declared null and void, or cancelled (no value), and 32 worth $113 million were under Office of the Iraq Programme review; 1,760 applications valued at $1.44 billion were notified by the Secretariat and 3,177 worth $2.07 billion have been approved by the Committee; 1 worth $1.7 million was denied approval, 137 worth $46 million had the status "goods review list notice" or "goods review list processing", 54 worth $168.8 million were returned holds, 375 worth $385.2 million were goods review list non-compliant or inactive, and 130 worth $132 million were under UNMOVIC/IAEA review. As at 31 October 2002, partial or complete deliveries of contracts for spare parts and equipment for the oil sector were made, up to a value of some $1.5 billion.

V. Other activities

15. During the reporting period, the Committee held eight formal meetings and nine informal consultations at the expert level to discuss various issues relating to the humanitarian situation in Iraq and the implementation of the oil-for-food programme. Much of the Committee's attention has been focused on issues concerning the oil-pricing mechanism, the significant downturn in Iraq's oil exports

and the consequent revenue shortfall for the effective implementation of the oil-for-food programme, and also on alleged violations which have a direct bearing on the programme.

16. The Committee heard a number of briefings and discussed extensively various issues relating to the oil-for-food programme during the course of its informal meetings. On 31 May 2002 the Committee received a briefing by the outgoing Deputy Humanitarian Coordinator in Iraq. From June to October, a number of informal meetings were held, with the participation of the oil overseers, regarding the retroactive pricing and excessive premiums. On 7 and 14 August 2002 the Committee was briefed by the Office of the Iraq Programme on the impact of the revenue shortfall and the implementation of the revised procedures established by resolution 1409 (2002). On 10 October 2002, a meeting was held, with briefings provided by the Office of the Iraq Programme and UNMOVIC on the implementation of resolution 1409 (2002). On 22 October 2002 another informal meeting was convened to discuss issues concerning the so-called "blue list" and some lists of written-off supplies and equipment which the Office of the Iraq Programme had suggested could be transferred either to the Government of Iraq or to the three northern governorates, some items on a loan basis.

17. At its 235th meeting, on 10 July 2002, the Committee considered requests from Belgium and Oman to import certain oil-derived products from Iraq, and requested the Office of the Iraq Programme to prepare a report on the necessary modalities for such imports before the Committee took a decision on the issue. On 2 October, the Office of the Iraq Programme informed the Committee that it had received a response from the State Oil Marketing Organization, through the Permanent Representative of Iraq, to the effect that Iraq "exported crude oil only and had no surplus of products for export", which represented "the official position of the Iraqi Government" on the issue.

18. Regarding a letter from Switzerland submitting additional information with regard to allegations that the Swiss company Glencore International AG had intended to divert Iraqi oil from its original destination for sale in Europe, the Committee decided at its 236th meeting, on 31 July 2002, to write another letter to Switzerland requesting additional documentation relating to the sale of the oil in Europe.

19. The 237th meeting, held at the ambassadorial level on 19 August 2002, was called at the urgent request of the Russian Federation to consider the situation caused by the serious drop in Iraqi oil exports. The oil overseers provided an update of the situation to the Committee, noting that oil exports during phase XII had so far been less than 1 million barrels per day compared to a sustainable level of 2.1 million barrels per day during the previous phase. Committee members had an extensive discussion on the issue without reaching common understanding on either the cause of the situation or how to address it.

20. At its 241st meeting, on 5 November 2002, the Committee heard a briefing by the Coordinator of the Multinational Interception Force (MIF) on its activities in the Gulf area, with emphasis on the curbing of oil smuggling. MIF reported a significant reduction in illegal oil exports from Iraq by sea over the past year as a result of vigorous and effective monitoring and interception by the Force, but indicated at the same time that oil smuggling was continuing, though on a decreasing scale, in the Gulf area. The Coordinator also expressed concern that the ferry service between

Iraq and the United Arab Emirates had been found to be carrying large amounts of illicit cargo to Iraq. The Committee welcomed the briefing and decided to consider further how to address the issues involved. Meanwhile, a member of the Committee indicated to the Committee that the United Arab Emirates was committed to the sanctions regime and had confirmed on many occasions that it stood ready, in this regard, to solve any problem brought to its attention by the Committee.

VI. Conclusions

21. As in previous phases, the Committee devoted great efforts to overcoming difficulties arising from the implementation of the arrangements in paragraphs 1, 2, 6, 8, 9 and 10 of resolution 986 (1995). Marked progress has been made in certain areas, yet much still remains to be done in some other areas. In the light of Security Council resolution 1409 (2002) in which the Council made extensive changes on the basis of the goods review list and the revised procedures for the current system, the Committee will continue to work closely with all the parties concerned to ensure the effective discharge of its responsibilities under relevant Security Council resolutions. As in the past, the Committee wishes to reiterate its appreciation to all the parties concerned for their cooperation and contributions.

Notes

[1] More information or clarification is required to complete the review. An application becomes inactive if the requested information or clarification is not received after 90 days.

[2] The supplier has been notified about item(s) on the list; response is pending.

[3] Experts have identified item(s) on the list.